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Lender Update

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U.S. Small Business Administration

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In this issue:	Page
Director Column	1
1 st Patriot Express Loan	2
SBAExpress/Patriot Express	2
Lending Conference	3
SBA Guaranty Value	3



SBA – providing lenders the financial advantage to assist West Virginia's small business community.

All SBA programs and services are provided on a nondiscriminatory basis.



West Virginia SBA Lender Ranking

Fiscal Year 2008 – First Quarter

(October 1, 2007 to December 31, 2007)

Congratulations to our TOP LENDERS for the first quarter, BB&T, Superior Financial Group, Huntington Bank, and to our top Community Bank lender, First State Bank. Kudos to BB&T for showing a marked increase in lending as compared to FY 2007. A big "Thank You" to each and every lender who has used an SBA guaranteed loan to help West Virginia Small Businesses this year.

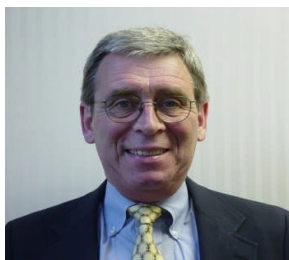
Lending totals for this year show 57 loans for approximately \$6.1 million. That compares to 82 loans for \$9.1 million for the first quarter of FY 2007.

Dave Manley, Tom White and Emma Wilson of our staff are ready to provide training, answer questions and work with your commercial lending officers and staff. They will gladly provide guidance on the 7(a), SBAExpress, Patriot Express and the 504 loan programs. See below for their individual contact information.

	Lender		Loans	\$ Amount
1	BB&T	PLP	11	\$2,104,500
2	Superior Financial Group	CEX	11	\$85,000
3	Huntington Bank	PLP	9	\$469,600
4	First State Bank	EXP	4	\$680,000
5	JP Morgan Chase	PLP	4	\$269,300
6	Advantage Bank	EXP	4	\$80,000

*EXP – SBAExpress, PLP – Preferred Lender Program,
CEX – Community Express*

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Patriot Express To The Rescue

Jason Kuhn and Evan Kransley, president and vice president of J&E Technical Services located in Martinsburg, WV faced a dilemma. They needed a business loan to purchase a portable X-ray machine for their fledgling business in order to perform non-destructive testing on aircraft, or face losing a huge opportunity to obtain a contract with Northrop Grumman Corporation, the third largest defense contractor for the U.S. Military.

That is where the U.S. Small Business Administration Patriot Express Loan Program saved the day. The program, available through SBA approved Patriot Express lenders, provides funding to assist active or retired veterans wishing to establish or expand a small business.



(l-r) Jason Kuhn, Bobbi Kuhn, Evan Kransley from J&E Technical Services with Matt Coffey, BB&T.

Matt Coffey, assistant vice president and business services officer at BB&T in Martinsburg had recently participated in a training program on Patriot Express and felt this was a good situation to utilize the recently enacted program.

"Knowing Jason was a U.S. Navy veteran, and the SBA's Patriot Express program was designed for entrepreneurs with military experience, this was a good fit for J&E, especially under the limited time frame they needed the loan" said Coffey.

Being a recipient of a loan under the Patriot Express Initiative is a fact Kuhn fully appreciates.

"If it wasn't for BB&T and the SBA guarantee, J&E Technical Services would not have become a reality," said Kuhn. "The loan not only enabled us to purchase the equipment we needed at the time, but has opened a tremendous amount of opportunities for our company."

In just the short time J&E has been in existence, sales have been close to one half million which has allowed them to expand their staff to six

with plans for additional growth forecasted for the near future.

The Patriot Express program is for veterans like Jason wanting to start or expand a small business. The program is available to service-disabled veterans, active-duty service members eligible for the military's Transition Assistance Program, Reservists and National Guard members, current spouses of those mentioned and the widowed spouses of service members.

"The Patriot Express Loan Initiative is the latest extension to the financial, procurement, and technical assistance programs the SBA provides to the military community," said Judy McCauley, SBA West Virginia Director. "Veterans are a very important part of America's small business success. Their drive and persistence as business owners make a huge contribution to the strength of America's economy. It is a privilege to be supporting these brave men and women and their spouses as they establish and achieve their dreams."

Thanks to the Patriot Express and BB&T, that dream is becoming a reality for Jason Kuhn.

SBAExpress/Patriot Express

Has your bank applied to be a SBAExpress or Patriot Express lender yet? Both programs involve two aspects in the SBA decision making process, eligibility and credit. While eligibility is determined by policy, SBA is delegating the credit portion of the approval process to you, the SBA participating lender – You make the call!

SBAExpress features a 50 percent guarantee from the SBA, freedom to use your own loan procedures, mostly your own forms, and your own collateral policy (for loans up to \$150,000). SBAExpress maximum loan amounts can be up to \$350,000. Patriot Express gives lenders access to expedited paperwork, increased maximum loan size to \$500,000, and a larger guarantee (75 to 85 percent). It is targeted for those with military ties. For more information on Patriot Express, contact Tom White (thomas.white@sba.gov) at (304) 623-5631 ext. 233. For information on SBAExpress, you can contact either Emma Wilson (emma.wilson@sba.gov) at (304) 347-5220 or Tom.

*Hats off to our newest SBAExpress and Patriot Express lenders, Poca Valley Bank and City National Bank. **Congratulations!***

Mark Your Calendars Small Business Lending Conference

The West Virginia District Office invites all lenders and resource partners to join us in returning to the mountains of Seven Springs Mountain Resort for Quality Circle 2008 on March 13 & 14, 2008. This year's event will offer excellent programs for novice and experienced SBA lenders, as well as non-lending resource partners and service providers. The host organization, the Western Pennsylvania Association of SBA-Guaranteed Lenders has enlisted the aid of the National

Association of Government Guaranteed Lenders (NAGGL) to provide instruction and participation.

Some of the planned courses include: **SBA 101**, a session for novice lenders; **Navigating the Paperwork**, which will walk lenders through the application documents needed for most commonly used SBA loan programs; and an insight into **Updates on SBA Program & Process Change**.

This is a great opportunity to join 300 fellow lenders and resource partners to receive intense training for both new and seasoned SBA lenders in a comfortable, relaxed atmosphere. We will forward registration and additional information as soon as it becomes available.

THE VALUE OF THE SBA GUARANTY

Principal Amount:	\$1,000,000
Term (in months):	240
SBA Guarantee Percentage:	75.0%

Comparative Annual Return

	Conventional <u>Loan</u>	SBA <u>Loan</u>
Interest Income	10.00%	10.00%
Cost of Funds	-3.00%	-3.00%
Expected Loss Rate	-3.15%	-0.79% 25% of 3.15%
Cost of Reserve	-0.04%	-0.01%
SBA Guarantee Fee		-0.38%
Expected Yield	3.81%	5.83%
Basis Point Advantage		201.752

The chart demonstrates the comparative advantage of an SBA guaranteed loan over a conventional loan for a marginal credit customer. The two columns, "Conventional" and "SBA" loan estimate the average annual return to each loan and the basis-point advantage of the SBA loan vis-à-vis a similar conventional loan.

Since the expected loss rate for the SBA loan is attributable to only the unguaranteed portion of the loan, the lender's potential loss drops significantly with an SBA guaranty (in this example, their expected Loss Rate drops to .79% from 3.15%). Coupling that with a lower cost of reserves and a higher guaranty fee. The loan earns an additional 201 Basis Points per annum over a comparable conventional loan.

*Origination fees on conventional loans and the guarantee fees on SBA loans are excluded as they are passed directly to the borrower.